

KLDC

KINGSTON LOCAL DEVELOPMENT CORPORATION

Hon. Shayne R. Gallo, President

Jennifer J. Fuentes, Executive Director

MEMORANDUM

BOARD OF DIRECTORS - KINGSTON LOCAL DEVELOPMENT CORPORATION
JAMES NOBLE, CITY OF KINGSTON ALDERMAN AT LARGE
CARLY WILLIAMS, CITY CLERK
JENNIFER J. FUENTES, KLDC EXECUTIVE DIRECTOR / COMMUNITY DEVELOPMENT EXECUTIVE
AMANDA L. BRUCK-LITTLE, KLDC RECORDING SECRETARY / ADMINISTRATIVE ASSISTANT
GREGG H. SWANZEY, DIRECTOR OF ECONOMIC DEVELOPMENT FOR STRATEGIC PARTNERSHIP
SUZANNE CAHILL, CITY PLANNER
BRENNAN L. ROBINSON, ECONOMIC DEVELOPMENT COORDINATOR / ZONE COORDINATOR EZ
MICHAEL F. JORDAN, ESQ., COUNSEL KLDC
DANIEL MARSH III, NATIONAL DEVELOPMENT COUNCIL DIRECTOR
DAILY FREEMAN, 79 HURLEY AVENUE, KINGSTON, NY 12401
WKNY, PO BOX 1398, KINGSTON, NY 12402
WGHQ, 82 JOHN STREET, KINGSTON, NY 12401
BRIAN JONES, WPHD/WCZX/WEOK/WRRV, PO BOX 416, POUGHKEEPSIE, NY 12602
POSTMASTER, KINGSTON PO BOX 9998, KINGSTON, NY 12402-9998

FROM: SHAYNE R. GALLO, MAYOR/PRESIDENT OF KLDC BOARD OF DIRECTORS

RE: KINGSTON LOCAL DEVELOPMENT CORPORATION BOARD MEETING

Please be advised that a meeting of the Kingston Local Development Corporation will be held at **8:00 a.m., Thursday, July 19, 2012**. Said meeting will be held in the Mayor's Conference Room, City Hall, 420 Broadway, Kingston, NY 12401.

AFFIDAVIT OF MEETING:

I, Bradley Jordan, Secretary for the Board of Directors of the Kingston Local Development Corporation, did on the **9th day of July, 2012** mail this notice to the individuals listed above. Mailing was accomplished by sealing said notice in an envelope and depositing same, with postage thereon, full pre-paid, with the United States Post Office.



BRADLEY JORDAN, SECRETARY

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Brenna L. Robinson, Portfolio Manager

AGENDA

Thursday, July 19, 2012 @ 8:00 a.m.

1. Call to Order
2. Past Due Account Update
 - a. Michael Spada
 - b. Rosita's Restaturant
 - c. Noah Hotel
3. Washington DC trip
4. Micro Loan Program (draft)
5. General Business
6. New Business
7. Approval of Minutes of Previous Meeting from June 15, 2012
8. Adjournment

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July 19, 2012

PRESENT:

BOARD MEMBERS - President Gallo, Vice President Dwyer, Rev. Childs, Reinhardt, Potter, Fitzgerald, & Turco-Levin

KLDC EXECUTIVE DIRECTOR / COMMUNITY DEVELOPMENT EXECUTIVE DIRECTOR - Fuentes

RECORDING SECRETARY / ADMINISTRATIVE ASSISTANT - Bruck-Little

ECONOMIC DEVELOPMENT AND STRATEGIC PARTNERSHIP DIRECTOR - Swanzey

ECONOMIC DEVELOPMENT COORDINATOR - Robinson

KLDC COUNSEL - M. Jordan

ABSENT:

BOARD MEMBERS - Secretary Jordan, Treasurer Mills, Mathews, Reinhardt

Meeting was called to order by President Gallo at 8:05 am.

PORTFOLIO REVIEW - PAST DUE ACCOUNTS -

Michael J. Spada, Jr. - Diana Spada came before the Board at the Mayor's request to speak about the property located on Wall St., Kingston, NY. Ms. Spada began by thanking the Board for the opportunity to speak to them and to clear up what she felt was mis-information. She said Michael Murphy (previous Executive Director of KLDC) had contacted her father Michael Spada inquiring about the contract of sale between M. Spada and prospective buyer, Garrett Roache. She also stated there was a conversation in March between herself, Michael Murphy and Garrett Roache regarding a \$250K cash price and assumption of outstanding KLDC loan. Ms. Spada also told the Board there was a scheduled meeting between Michael Murphy, Michael Spada, Nancy Risely (attorney for Spada), Garrett Roache & Jay Simoff (attorney for Roache) and Mr. Murphy allegedly made calls cancelling the meeting and telling all of them that he would be handling negotiating the contract. She acknowledged they are behind in tax payments and hope to be caught up by mid-August. Ms. Spada told the Board she had applied for a grant approximately 10 days prior to the Board Meeting for \$1.2M. Their plan would be to remove the rear portion of Woolworth Building and make it in line with the Yallums and London Square buildings and then construct a parking garage for uptown Kingston. The parking garage would connect to the Woolworths building and have a walk through. Ms. Spada requested to have the arrears of their loan be added to the back end of the loan, extending it another 10 years out. Ms. Potter asked what the list price of the building and parking lot directly behind it and the reply was \$599K. Ms. Spada told the Board she planned on making application for a lot line adjustment. President Gallo asked Ms. Spada about where she obtained the grant and her reply was CFA. President Gallo then posed the question of whether or not she was required to get a letter of sponsorship from a municipality in order to apply and receive the grant. She said she only need a letter from Senator Larkin and the Assembly. It was for \$1.2M with a \$500K match.

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A discussion was held on trying to reach an agreement for resuming repayment of the loan. Ms. Spada had again, explained that she had applied for a grant through the NYS Consolidated Funding Application to start a project including renovating the building and constructing a parking structure in the lot to the rear of the building. Ms. Potter inquired why Ms. Spada did not advise the Board of the project plans and grant application. Ms. Spada responded there is not pending litigation and did not need to advise. Vice President Dwyer inquired whether Ms. Spada would assure the Board the loan would be paid should the Board agree to the modification of the loan and Ms. Fuentes asked what amount Ms. Spada felt was reasonable and affordable. Ms. Spada asked the Board to agree to allow payments between \$1500 to \$1800 going forward and to recapitalize the overdue balance. Ms. Turco-Levin inquired whether the proposal by Mr. Roache to purchase the building was still viable and Ms. Spada stated it was not.

Ms. Spada was excused. At 8:43Am a motion was made by Ms. Potter to enter into Executive Session. Second by Mr. Fitzgerald. Motion carried. At 9:02AM a motion was made by Ms. Potter to exit Executive Session. Second by Vice President Dwyer. Motion carried.

The Board has decided they are not in a position to extend, change or modify the current loan held by Mr. Spada as they have done this in the past to help Mr. Spada come current and there haven't been any payments made. A motion was made by Mr. Fitzgerald to have either the Executive Director or Portfolio Manager write a letter to Mr. Spada informing him of the Boards decision to deny his request to modify the payment arrangements of current loan and to move forward with foreclosure proceedings. Second by Mr. Reinhardt. Motion carried.

Rosita's Restaurant - J. Fuentes has been in contact with S. Hack & M. Shaugnessy regarding Mr. Melkesetian and Rosita's Restaurant. They have said they will do everything possible to make KLDC whole. Meanwhile, Mr. Melkesetian has filed a stay. The Board discussed the pros and cons of purchasing the building at auction and then trying to sell it as they may not be able to sell it for the same amount they would spend purchasing it. Clearwater is still interested in the site but at this time their cash flow is tied up in the education and environmental center located in the barn at the Maritime Museum.

Noah Hotel - J. Fuentes spoke with Mr. Blachman's attorney and explained that it would cost Mr. Blachman much more than the \$2,500 in soil remediation fees than the court fees he would incur by not repaying the balance due on his loan through the KLDC. J. Fuentes informed with Mr. Blachmans attorney that in order to keep foreclosure proceedings at bay they would need to overnight a check made payable to the KLDC in the amount of \$35,000 and then bi-monthly payments. After the Board discussed the proposal of bi-monthly payments a motion was made by Vice President Dwyer to accept the proposal contingent on the initial check for \$35,000 clears our bank. Second by Ms. Turco-Levin. Motion carried.

Washington, DC Trip - President Gallo and J. Fuentes went to Washington, DC to meet with Senators Gillibrand and Schumer regarding new market tax credits which may be extended, to speak about USDA funding for community facilities (police station), and to exert pressure on Bank of America to make a charitable donation of the building.

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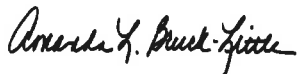
President Gallo and J. Fuentes also met with Congressman Gibson who may be representing the City of Kingston after the next election. He arranged for a tour of the City to better understand the infrastructure needs and community issues.

J. Fuentes told the Board that 108 monies could be used to retro-fit the Bank of America building located at 625 Broadway for the Police Department as debt service can be paid using Federal funds.

Micro Loan Program – J. Fuentes had touched upon the micro loan program at the last Board meeting and presented the Board with a draft version of the program and application. She explained that the Board as a whole would be responsible for reviewing all applications and approval and/or denial of said application. Ms. Potter had requested to have M. Jordan review the program policy. A motion was made by Ms. Turco-Levin to have J. Fuentes send documents to M. Jordan for his review and upon his approval the Board would accept the Micro Loan Program. Second by Mr. Reinhardt. Motion carried.

At 9:29AM Vice President Dwyer made a motion to adjourn. Second by Ms. Potter. Motion carried.

Respectively Submitted,



Amanda L. Bruck-Little
Recording Secretary